

## EXAMPLE OF A MULTI STATE RISK NOT ON APPROVED RISK LIST OR WHITE LIST

This example has the following Information based on the filing of an electronic submission:

1. This policy was a property casualty risk for a multi state corporation with operations in Montana. A fire risk is included on this policy.
2. The policy was submitted with a declaration page rather than a binder.
3. **Insured Information** - the surplus lines agent is required to enter the following from the Montana Surplus Lines Submission Form:
  - a. policy holder name
  - b. policy number (enter the number as assigned by the insurance company)
  - c. the Montana street address of risk insured.
  - d. the nearest Montana city in which the risk is located.

[MONTANA SURPLUS LINES](#)

[HOME](#)

## SUBMISSION

Insured: Home Wharehouse Supply Station

Address: 1 Reserve Street

Policy: 059/PD565907

City: Missoula

State: MT

Zip: 59801

Binder: ☐

4. **Submission Form Part 1 – Producing Insurance Producer Section**, the following information must be entered:
  - a. If the risk is included in the Approved Risk List or White List the category should be entered. If the yes box is checked, an approved code must be entered. If an approved risk is entered, sections 2, 3 and 4 of Montana Surplus Lines Submission form do not have to be entered.
  - b. If the risk is not listed on the ARL, the agent must describe the risk in complete sentences.
  - c. If this risk is not listed on the ARL, the agent must describe, in complete sentences, the reason for the risk is not available from an authorized insurer.
  - d. The agent must enter the name of the prior insurer from the drop down menu. **If more than one prior insurer exists, list the lead prior insurer or the prior insurer who retained the most risk.**
  - e. If the agent is using the 10% and \$1,500 exception, under 33-2-302(1)(d)(i) and (2), MCA, this box must be checked.
  - f. The source of the company's rating must be selected, either AM Best or Standard and Poor's when using the 10% and \$1,500 exception.
  - g. The applicable rating must be selected when using the 10% and \$1,500 exception.
  - h. The effective date of the insurance company rating, if using the 10% and \$1,500 exception must be entered.
  - i. The agent must select the three authorized insurers who provided a bid for coverage when using the 10% and \$1,500 exception. The bid amount must be entered in the box to the right of the company name when using the 10% and \$1,500 exception.
  - j. Enter the producing producer's license number, which should bring up the agents name and the affiliated agency in the drop down box. The agent must select the proper agency if more than one agency is listed.
  - k. Enter the date the producing producer signed the submission form.

## PART 1: PRODUCING INSURANCE PRODUCER SECTION

Approved risk list Category :	None
Please describe type of risk:	Coverage is for a home improvement store
Explain in detail why insurance for this risk is unavailable from an authorized insurer:	The admitted market will not write this coverage due to the size of the risk.
Prior Insurer:	UNDERWRITERS AT LLOYD'S OF LONDON (US REINSURANCE TRUST) NAIC# AA-1122000
Explain why the prior insurer, if an authorized insurer, did not renew:	The prior insurer was not an authorized insurer.
If a renewal was offered, what was the renewal quote:	None
Are you using the 10% AND \$1500 exception (MCA 33-2-3-2(1)(d)(i) and (2) :	<input type="checkbox"/>
List three authorized insurers you contacted for your diligent efforts to place this insurance:	
NORTH RIVER INSURANCE COMPANY 21105	
TOKIO MARINE & NICHIDO FIRE INSURANCE CO., LTD (US BRANCH) 12904	
LIBERTY MUTUAL FIRE INSURANCE COMPANY 23035	
Producer License No:	2
Agent:	ED SMITH
Agency:	722308 DAVID CHARLES AGENCY
Date:	01/14/2010

5. **Submission Form Part II Surplus Lines Agent Information** - the Surplus Lines Agent is Required to enter the following information:
- The Montana Surplus Lines Agent license should be entered, which will cause the surplus lines agent information to be automatically entered in the form. The surplus lines agent should confirm the information to be correct.
  - The date the surplus lines agent signed the policy.

## PART 2: MONTANA SURPLUS LINES INSURANCE PRODUCER SECTION

Surplus Lines license No:	5
Agent:	EVERETT JAMES
Agency:	722307 DAVID CHARLES AGENCY

6. Submission Form – Part III - Tax and Fee information are explained below. The premium for this policy is \$8,625 with no additional fees. **Premium tax and stamping fees are calculated automatically calculated in the electronic filing.**
- The surplus lines agent must enter the name the surplus lines company, from the drop down menu, which also lists each company's unique NAIC number. Keeping a record of the NAIC number will prevent entry delays if the surplus lines insurer has changed their name prior to Montana updating its eligible surplus lines list. Montana only updates its eligible surplus lines company list on May 31, and November 30 of each year. **If you have difficulty entering the surplus lines insurance company due to an old policy, please contact Tim Morris at 406-444-4489.**
  - If Underwriters at Lloyds is selected the appropriate syndicates must be entered. Lloyds syndicate numbers can be obtained at <http://sao.mt.gov/forms/Exams/Lists/biannlst.pdf> . **If you have difficulty entering a Lloyd's syndicate, please contact Tim Morris at 406-444-4489.**
  - Enter the effective date of the policy and the system will generate an annual expiration date, which can be changed for a different expiration date.
  - Enter the policy limits of coverage. Multi-state risks can use the entire policy amount rather than breakout the Montana portion.
  - Enter the policy premium
  - Enter the applicable fire premium
  - Enter the applicable inspection fee
7. Based on the example, the base premium for the Montana risks on this policy is \$11,334.89. A \$0 inspection fee was charged to the policyholder. **The manual calculations for the example are listed below (note the stamping fee is reduced to ½ of 1% or 0.005% for electronic filings from the 1% or 0.01 due for paper filings):**
- |   |                  |
|---|------------------|
| a. Base premium                           | \$11,334.89      |
| Inspection fee                            | 0.00             |
| Total Premium for premium tax calculation | \$11,334.89      |
| Premium tax rate                          | 2.75%            |
| Fire tax premium (see item 9)             | \$ 6,800.93      |
| Fire tax rate                             | 2.50%            |
| Stamping fee rate                         | 0.50%            |
| Premium taxes owed ((11,334.89) X .0275)  | \$ 311.71        |
| Fire taxes owed (6,800.93 X .0250)        | \$ 170.02        |
| Stamping fees owed (11,334.89 X.0005)     | \$ 56.67         |
| <b>Total taxes and fees owed</b>          | <b>\$ 538.40</b> |
- The surplus lines agent should review the information for accuracy. If the agent is satisfied, the box to the left of the surplus lines agents name must be checked and the submit button can be pressed to enter the transaction. The surplus lines agent can view and print their statement of surplus lines activity at anytime. Please contact 406-444-2040 if you have any questions.
  - After June 1, 2010 the surplus lines agent can either pay the premium tax and stamping fees electronically or by a single check, at their convenience or with an annual payment due by April 1 in the next calendar year. The CSI will not be sending out tax and stamping fee statements as these amounts can be viewed on-line. **Checks must be made out to the Montana Commissioner of Securities and Insurance.**

### PART 3: PREMIUM - TAX - FEE INFORMATION SECTION

Unauthorized insurer:	UNDERWRITERS AT LLOYD'S OF LONDON (US REINSURANCE TRUST) NAIC# AA-1122000		Syndicate#:	2488,4472,3	
Policy Period:	01/31/2010	to:	1/31/2011	Limits of Coverage:	\$3,000,000
Policy Premium:	11334.89	Fire Premium:	6800.93		
Premium Tax: (2 3/4%)	311.7	Fire Tax: (2.5%)	170.02		
Stamping Fee: (.5%)	56.67	Inspection Fee:	0		

☒ I, EVERETT JAMES have verified the information is correct and the original form was completed with all notary and affidavit requirements being met. The original is available for audit by the Montana Department of Insurance.

10. After the submit button has been pressed, the next screen should be the following confirmation, listed below, indicating that the submission was successful. If this screen is not present the transaction has not been entered into the database. Two possibilities are likely for the problem. The first may be that not all of the boxes have been properly completed or a problem may exist with the server. The agent should check the form for completeness, attempt to resubmit or reenter the information at a later time.

[MONTANA SURPLUS LINES](#)

[HOME](#)

Policy 059/PD565907 has been submitted.

Please refer to invoice 11791 on the account summary.

Thank You for using Montana Surplus On-Line

[ACCOUNT-](#)

[ACCOUNT+ CANCELLATION](#)

[CONTACT US](#)

[ENDORSEMENT](#)

[SUBMISSION](#)

[BYE](#)

11. This the first policy entered by Everett James and his statement will be reflected by the following by pressing the "Home" tab:

[MONTANA SURPLUS LINES](#)

[HOME](#)

	EVERETT JAMES
	5
	5/1/2013
Submissions	3
Endorsements	0
Cancellations	0
Premium	\$21,909.89
Premium Tax	\$602.50
Stamping Fees	\$109.54
Inspection Fees	\$0.00
Fire Premium	\$6,800.93
Fire Tax	\$170.02

Welcome to Montana Surplus On-line

[ACCOUNT-](#)

[ACCOUNT+ CANCELLATION](#)

[CONTACT US](#)

[ENDORSEMENT](#)

[SUBMISSION](#)

[BYE](#)

12. If the agent pressed the account + tab the following would appear:

[MONTANA SURPLUS LINES](#)

[HOME](#)

Type	Company	Date	Policy	Invoice	Premium	Inspection	Premium Tax	Fire Premium	Fire Tax	Stamping Fee	Total
POL	UNDERWRITERS AT LL	1/31/2010	059/PD565907	11791	11334.89	0	311.70	6800.93	170.02	56.67	\$538.39
POL	ACCEPTANCE CASUALT	5/1/2010	AAA922823	11753	8625	0	237.18	0	0	43.12	\$280.30
POL	PENN-STAR INSURANC	2/15/2010	PAC000001	11775	1950	0	53.62	0	0	9.75	\$63.37
					Premium	Inspection	Premium Tax	Fire Premium	Fire Tax	Stamping Fee	Net
					\$21,909.89	\$0.00	\$602.50	\$6,800.93	\$170.02	\$109.54	\$882.06

13. Any changes to the original surplus lines submission must be made through an endorsement or cancellation of the policy.
14. In this case the fire premium was a known amount if the exact fire premium is not known, the surplus lines agent can calculate the fire premium based on the following:
15. The surplus lines agent is required to maintain the original or a scanned copy of the Montana Surplus Lines Submission form, declaration page and/or binder for a period of five years, from the ending date of the policy.
16. **PLEASE NOTE THE SURPLUS LINES FILING MUST BE MADE TO THE MONTANA COMMISSIONER OF SECURITIES AND INSURANCE, OFFICE OF THE STATE AUDITOR WITHIN 60 DAYS OF THE EFFECTIVE DATE OF THE POLICY**



# MONTANA SURPLUS LINES SUBMISSION FORM

**SAMPLE**

NOTICE: Complete entire submission form. Do not leave any blanks. Write "NA" if any question is "not applicable." Incomplete submission forms will be returned.

INSURED: Home Warehouse Supply Station POLICY NUMBER: 059/PD565907  
 MT ADDRESS: 1 Reserve Street ← MT LOCATION ONLY  
Missoula, MT 59801 ← MT LOCATION ONLY

IS THIS FILED ON A BINDER?  
 YES ☐ NO ☒

## PART 1: AFFIDAVIT OF PRODUCING INSURANCE PRODUCER SECTION

State of Washington  
 County of King ss.  
 The undersigned hereby certifies upon oath that the insurance which is the subject of this affidavit is in accordance with Title 33, § 33-2-301, et seq. MCA, the Montana Surplus Lines Insurance Law. The insurance which is the subject of this affidavit was not procured for 1) the purpose of securing advantages as to the terms of the insurance contract and 2) the purpose of obtaining a lower premium rate than would be accepted by the authorized insurer except as provided in § 33-2-302 (1) (d) (i) and (2), MCA. Furthermore: 1) The insurance which is the subject of this affidavit is a line of insurance which appears on the most recent Approved Risk List (ARL) issued by the Commissioner of Insurance; or 2) Immediately before requesting from an unauthorized insurer the insurance which is the subject of this affidavit, I endeavored diligently and unsuccessfully to secure equivalent coverage from authorized insurers holding certificates of authority to transact this line or the full amount of the line of insurance in the State of Montana; and 3) I have expressly advised the insured prior to placing the insurance that the surplus lines insurer with whom the insurance is placed is not authorized in this state and is not subject to the same supervision as an authorized insurer; and in the event of the insolvency of the surplus lines insurer, the property and casualty guaranty fund of the state will not pay losses under the surplus lines coverage.

Is the risk included on the most recent Approved Risk List? ☐ YES or ☒ NO If so, in which category? (Ex: GL-01) \_\_\_\_\_

If not included on the most recent ARL describe 1) Type of Risk Home improvement stores

1a) EXPLAIN in detail why insurance for this risk is unavailable from an authorized insurer: (COMPLETE SENTENCE)

Coverage is not provided on the admitted market due to the size of the risk

2) Indicate prior insurer: Underwriters at Lloyds of London 2a) Explain why the prior insurer, if an authorized insurer, did not renew  
Policy was not written by an authorized insurer in prior year

2b) If a renewal was offered, what was the renewal quote? None (IF NONE PUT "NONE")

3) Are you filing using the 10% AND \$1500 exception? (33-2-302(1)(d)(i) and (2) MCA) (Y or N) N (DILIGENT EFFORT IS REQUIRED)

If YES, the financial stability rating system used was \_\_\_\_\_  
 and the rating was \_\_\_\_\_ as of \_\_\_\_\_ (effective date).

**FOR OFFICE USE ONLY**  
**VERIFIED RATING:**

(If YES, you are affirming: 1. I have provided the insured with the disclosure information on the form approved by the Commissioner. 2. The unauthorized market quote was placed with a surplus lines company that is "A" rated or better. 3. The authorized market quote(s) that was used was the lowest premium from the diligent effort. 4. The difference between the authorized market quote(s) and the unauthorized market quote(s) meets both the 10% AND the \$1500 requirements. 5. I listed the lowest quotes obtained from the authorized market search in #4 below.)

4) List a minimum of **three** authorized insurers you contacted for your diligent efforts to place this insurance:

A. North River Ins. Co B. Tokio Marine & Nichado Fire C. Liberty Mutual Fire  
 \$ \_\_\_\_\_ \$ \_\_\_\_\_ \$ \_\_\_\_\_

I, Ed Smith, being of lawful age and being first duly sworn, on oath, depose and say that I am one and the same person whose name is subscribed to this affidavit; that I have read the same and know the contents thereof; and that the statement of facts contained herein are true.

X Ed Smith  
 Original Signature of Producing Insurance Producer is Required  
David Charles Agency  
 Agency Name

01/14/2010 # 00001  
 Date Montana Producer/Agency License No.  
830 Helena Avenue, Helena MT 59601  
 Address

Stamp or Seal  
**The notary stamp or seal is required for each Submission Form**  
**Notary Section was not completed for the Sample**

Subscribed and sworn to before me this \_\_\_\_ of \_\_\_\_\_, 20\_\_\_\_.  
 Signature  
 Printed Name of Notary  
 Notary Public for the State of  
 Residing at  
 My Commission expires

## PART 2: Montana Surplus Lines Insurance Producer Section

I, Everett James (printed name of surplus lines insurance producer), affirm that: 1) I am the producer that placed this risk with the unauthorized insurer; 2) this line of insurance appears on the most recent Approved Risk List (ARL) issued by the Commissioner of Insurance or that I have, to the best of my ability, attempted to place this line of insurance through an authorized insurer and am unaware of any authorized insurer transacting this line or the full amount of this line of insurance in Montana; and 3) I have complied with § 33-2-302, MCA.

David Charles Agency 830 Helena Avenue, Helena, MT 59601  
 Agency Name Address as it appears on the MT Surplus Lines License

X Everett James 01/25/2010 #000005  
 Original Signature of Surplus Lines Producer is Required Date Montana Surplus Lines License No.

## PART 3: Premium / Tax / Fee Information Section

Name of Unauthorized Insurer(s): Underwriters at Lloyds of London Lloyds Syndicate # See attached  
 Policy Period From: 01/31/2010 To: 01/31/2011 Limits of Coverage: \$3,000,000

If this policy is a multi-year policy with the policy term greater than 12 months, this form is to be completed only in the initial year of the policy. For all subsequent years, report policy premium on the Montana Surplus Lines Multi-Year Policy Premium Form

Policy Premium: \$ 11,334.89 Fire Premium: \$ 6,800.93  
 Premium Tax: (2 3/4%) \$ 311.70 Fire Tax (2.5%): \$ 170.02  
 Stamping Fee: (1%) \$ 113.35 Inspection Fee: \$ 0.00

**FOR OFFICE USE ONLY:**

ACCEPTED STAMP ONLY

**NOTICE: Under Montana law, inspection fees for the actual cost of inspecting the risk to be covered may be charged. Other fees, such as placement fees or policy fees, are not permitted.**

SEND: THE ORIGINAL SUBMISSION, A COPY OF THE ORIGINAL SUBMISSION FORM AND A SELF-ADDRESSED STAMPED ENVELOPE WITH SUFFICIENT POSTAGE TO RETURN THE STAMPED COPY OF THE SUBMISSION FORM AND ANY OTHER DUPLICATES YOU WOULD LIKE RETURNED (I.E.; DECLARATION PAGES AND/OR BINDERS). IF COPIES ARE NOT PROVIDED, NONE WILL BE RETURNED. TO: MONTANA COMMISSIONER OF SECURITIES AND INSURANCE, SURPLUS LINES, 840 HELENA AVENUE, HELENA, MT 59601.

**SAMPLE**

**UNDERWRITERS AT LLOYDS OF LONDON**  
( herein called Lloyds)

MONTANA SURPLUS  
LINES TAX

\_\_\_ Inspection Fee 11,334.89

\_\_\_ Premium Tax 311.71

\_\_\_ Fire Tax 170.02

\_\_\_ Stamping Fee 113.35

**Home Warehouse Supply Station**

**POLICY OR CERTIFICATE NUMBER:** 059/PD565907

**Item 1. NAMED INSURED:** Home Warehouse Supply Station

**ADDRESS:** 2400 Ferry Road  
Alpharetta, GA 30022

**Item 2. POLICY PERIOD:**

**FROM:** January 31, 2010 **TO:** January 31, 2011

**12:01 AM STANDARD TIME AT THE ADDRESS OF THE NAMED INSURED SHOWN ABOVE**

**Item 3. LIMIT OF LIABILITY:** \$3,000,000  
\$3,000,000

**EACH LOSS  
AGGREGATE**

**Item 4. DEDUCTIBLE:** \$100,000

**EACH LOSS**

**Item 5. POLICY PREMIUM:** \$1,113,260

**Premium for Certified Acts of Terrorism Coverage Under Terrorism Risk Insurance Act 2002:**  
Not Applicable, Coverage Rejected by Insured

**Broker:** DAVID CHARLES AGENCY  
830 HELENA AVENUE  
HELENA, MT 59601

Issued in an unauthorized insurer under The  
Surplus Lines Insurance Law, under surplus lines  
insurance producer license No. 000005 and NOT  
covered by the property and casualty Guaranty  
fund of this state if the unauthorized Insurer  
becomes insolvent.

X



Everett James

**By**

**AUTHORIZED REPRESENTATIVE**

or countersignature (in states where applicable)



**SAMPLE**

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**State of:** Montana

**Licensee:** Everett James

Issued in an unauthorized insurer under The Surplus Lines Insurance Law, under surplus lines producer license No. 669601, NOT covered by the property and casualty guaranty fund of this state if the unauthorized insurer becomes insolvent

**Broker's signature:** Everett James

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Date Created: 6/12/2007

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Client: Home Warehouse Supply  
Station

Coverage: property casualty

Incaption Date: 01/31/10

## Supplemental Page

## Montana Premium

## Section 1

USD 7,250,000 US Lloyds portion being USD 435,000 – Montana Lloyds portion being \$4,350.00

## Section 2

USD 3,000,000 US Lloyds portion being USD 225,000 – Montana Lloyds portion being \$2,250.00

## Section 3

USD 1,000,000 US Lloyds portion being USD 100,000 – Montana Lloyds portion being \$1,000

## Section 4

USD 200,000 US Lloyds portion being USD 20,000 – Montana Lloyds portion being \$200

## Section 5

USD 5,250,000 US Lloyds portion being USD 262,500 – Montana Lloyds portion being \$2,625

## Section 6

USD 2,250,000 US Lloyds portion being USD 90,989 – Montana Lloyds portion being \$909.89

Total Montana Premium USD \$11,334.89

## List of Lloyds Syndicates and corresponding NAIC numbers

## Lloyds

## Syndicate

<u>Number</u>	<u>NAIC Number</u>
2488	1128488
4472	1126006
318	1126318
2000	1128000
33	1126033
1200	1127200
1183	1127183
2987	1128987
510	1126510
3000	1129000
1084	1127084
2010	1128010
2003	1128003
2623	1128623
623	1126623